

City of Greenbelt
25 Crescent Road
Greenbelt, Maryland 20770

Attn: Michael McLaughlin, City Manager

Dear Sir,

In response to the City's solicitation for operating services for the Old Greenbelt Theatre, Greenbelt Cinema has prepared the enclosed business plan. The majority of the persons involved in Greenbelt Cinema are long-time local residents with a vested interest in the success of the Greenbelt Theatre. Several of the individuals have worked at the theatre, and Angela Handren was the theatre's manager for its most stable and successful tenure. Since she resigned in late 2013, the theatre has suffered from her absence. The remaining individuals involved in Greenbelt Cinema are recognized professionals in their respective fields and all have been involved with the creative arts.

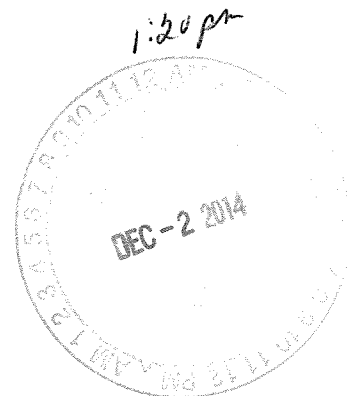
We look forward to answering any further questions, you, the City, or the Council, may have regarding our proposal. If any further data, confirmations, or explanations are needed, I may be reached at 240-264-7638.

Sincerely,



Dennis Fincham
General Manager,
Greenbelt Cinema
jdfincham0@gmail.com

7317 Willow Avenue
Takoma Park, MD 20912



**Proposed Operating Plan
Greenbelt Cinema
129 Centerway, Roosevelt Center
Greenbelt, Maryland 20770**

Date of Proposal

December 2014

Prepared for

The City of Greenbelt

Prepared by

Greenbelt Cinema

Purpose of Proposal:

On October 23, 2014, the City of Greenbelt issued a solicitation for operating services for the Old Greenbelt Theatre. The building has recently undergone a reported \$1.2 million dollar renovation, during which time the theatre went 'dark'. Prior to the theatre's re-opening in the first quarter of 2015, the city is seeking a contract operator to provide all related services for the operation of the theatre. This proposal will provide a description of the operating philosophy Greenbelt Cinema Incorporated (GCI, a for-profit commercial corporation to be formed subsequent to the awarding of said contract) would employ in fulfilling such operating duties.

Building Background:

The Greenbelt Theater has been owned by the City of Greenbelt since 2002. It features a single screen, seating for approximately 400, was constructed in 1938, and renovated beginning in June 2014. The renovations included new mechanical systems, bathroom(s) and electrical upgrades, new concession area, and a new digital projection system. The theatre had been operated since the early 1990's by P&G Theatres and featured first-run or subsequent-run 35mm feature films. Over the past five years the industry has abandoned the 35mm projection format for the digital format. The building contains approximately 5,000 square feet and features masonry exterior construction with a flat roof. The building is attached along the front portions of its side walls and opens onto the open-air plaza of Roosevelt Center.

The Center contains four (4) buildings with each wing connected to the center via an overhead canopy system. The Roosevelt Center has been historically registered; its exterior façade, including the theater façade, cannot be altered without specific permission. Free parking is provided by surrounding macadam-paved parking lots with overhead lighting.

The previous operating company carried responsibility for managing and staffing the theater and selecting films. It operated the theater 7 nights a week, 365 days a year. Adult tickets were priced at \$8.50, while tickets for seniors (over 62 years of age) and children (under 12 years) were priced at \$6.50. The operating company was subsidized by the City of Greenbelt due to poor attendance (on average under 7% of seating capacity).

Demographics:

An upgraded Greenbelt theater could draw from a large and nearby audience of potential movie-goers. Old Greenbelt is home to approximately 23,000 residents (under the auspices of Greenbelt Housing, Inc or GHI), the majority of them living in the original attached multi-family cooperative units. The immediate zip code (20770) contains approximately 34,000 residents, and the two adjacent zip codes hold another 76,500 residents. Within a 5-mile radius of Old Greenbelt resides a population of over 110,000 potential customers. Within a 10-mile radius, the total population tops 200,000 people.

Other sources of potential customers include such nearby employment and educational centers as the University of Maryland's main campus in College Park, the Goddard-NASA Flight Center, the Federal Courthouse complex, as well as the various departments of the Federal government located in Washington, D.C., less than 12 miles south of Greenbelt.

For most of these potential customers the theater is readily accessible. The center of Old Greenbelt sits only four blocks from the intersection of the Baltimore-Washington Parkway, the Capitol Beltway, and University Boulevard. Interstate 95 is less than 3 miles away.

Customer Profile.

The current dominant consumer profile is white, female, over 45 years-old, and a 10+ year resident of Greenbelt. The secondary consumer profile consists of a husband or friend (male or female) of the primary consumer, with the remaining consumer base consisting of younger males and females located in the immediate, or adjacent, zip code areas. The majority of tickets sold in the recent past appeared to be 'senior' or 'discount' sales (priced at \$6.50), while the full fare adult ticket was priced at \$8.50. Ticket prices had reportedly remained stable for the past several years and compared favorably with the surrounding movie complexes. The nearest competition is located in the Beltway Plaza, Calverton, and Prince Georges Plaza. All are multi-screen theaters with decidedly younger demographic profiles.

Operational Strategy:

GCI proposes to operate the theatre as a 'subsequent-run' cinema targeting the dominant consumer profile outlined above. GCI also intends to broaden the consumer base through an aggressive focus on special feature presentations, regularly scheduled festivals (every six-weeks), and non-film entertainment offerings. Special feature presentations will range from offering films as a complete series (Godfather, James Bond, Beatles, the Hobbit, etc.) to African-American and other minority-themed films. The majority of the festivals will be coordinated with existing locally established festivals (Green Man, Blues, etc.). The non-film offerings will include high-school and college orchestras, comedy nights, prominent regional musical acts, poetry 'slams' and other non-traditional presentations.

The keys to successfully re-establishing the theater in the Greenbelt community and its surrounding regions is flexibility and variety of offerings, discounted pricing, consistent service, and aggressive marketing. As a single-screen oversized facility, the theater cannot be all things to all people, but GCI believes the theater can draw a much wider audience by being more nimble and focused in its presentations and changing its film schedule more frequently. Instead of debuting a single 'first-run' film on its respective national opening night and offering only that film exclusively for the following 14 to 21 days, GCI will offer a greater variety of proven films at discounted prices, a strategy that will attract and retain movie goers. This 'subsequent-run' scheduling approach, combined with high-end digital projection, is the best approach to widening the audience..

While 'subsequent-run' theaters are restricted from presenting 'first-run' offerings on their national opening dates, 'subsequent-run' theaters enjoy wider latitude in scheduling and the freedom to mix-and-match multiple films on a single screen on the same day. More importantly, the split of distributor/exhibitor ticket proceeds is more favorable to the theater. In addition, 'subsequent-run' theaters are typically able to acquire 'first-run' films within a week or two of their national opening dates. Given the ticket price structure of GCI and its operating philosophy, GCI would elect to run the theater as a 'subsequent-run' facility.

Ticket Pricing:

GCI plans to offer ticket prices on the following schedule: all tickets priced at \$7.00 prior to 6 p.m., \$7.00 per single 'senior' ticket after 6 p.m., and \$9.00 per single adult ticket after 6 p.m. Appropriate ticket pricing schedules would be developed for specialized programs. As soon as feasible, a monthly Saturday morning or matinee program featuring cartoons will be offered on a free basis for children under 13 years of age.

Film Brokerage:

GCI has arranged to partner with Theatre Service Network, a well –established firm located in Boynton Beach, Florida that acquires and distributes films for exhibit.

Promotion Opportunities:

To expand the existing customer base, GCI will create the Greenbelt Cinema Club (GCC). For an annual fee, GCC members would receive preferred seating in reserved center rows, discount concession pricing on Thursdays, e-mail alerts about coming attractions, and eligibility to vote for films and special presentations.

The creation of the cinema club will (hopefully) make its members stakeholders in the success of the theater and active advocates for supporting the theater and selecting films and special presentations. They will reach out to their friends, co-workers and associates; in effect, becoming a productive (and cost-efficient) form of advertising. In arranging films and special presentations, GCI intends to employ scored numerical surveys. Given the proliferation of home computers and the adaptability of numerous computer applications, surveying customers for their film, special presentation, and/or product preferences is cheap and reliable. Greater use of scored surveys will help reduce and/or eliminate some of the risk in selecting films and special presentations, help define the consumer profiles, and allow GCI to more fully understand customer preferences.

Targeted Audiences.

Over 15 assisted-care facilities are located within 5 miles of the theater. The majority of these facilities have transportation arrangements with private carriers or their own buses. The management of 6 of these facilities have been contacted and each expressed interest in offering special shows and ticketing options to their residents. The advantage of putting such show

packages together is guaranteeing a minimum audience (and income stream) during a time of day when the theater is dormant. For example, 75 seniors might attend a weekday matinée for \$10.00 each, with each patron receiving a 'senior tray' as well as admission to the show. Risk to the operator is reduced because the income is essentially guaranteed. This program can be quickly established and will be expanded as soon as possible to include targeted shows. The assisted-care residents will be surveyed as to their preferred choices amongst available proffered films. Once this program is established, weekday afternoon matinées will be scheduled twice a month in coordination with the management of the assisted-care facilities. GCI will also be targeting additional special audiences.

Gift Certificates:

Local restaurants, for example, offer another potential audience. Working with restaurateurs, GCI will market gift certificates for 'dinner and a movie' evenings. Gift certificates will also be promoted for Valentine's Day (in conjunction with local restaurants), St. Patrick's Day, birthdays, anniversaries, graduations, etc.

Concessions:

A major income stream that GCI will enlarge is a diverse, clean, and well-managed concession operation. Expanded concession offerings have proven a popular and profitable option at both high-end and art house theaters. In addition to offering such standard fare as candy, fresh popcorn, and hot and cold beverages, GCI is exploring expanding the menu by enlisting local bakery products which could be tailored to the theater audiences. GCI also intends to increase popcorn sales by pursuing offsite sale opportunities (setting up outside the theater during open-air festivals at Roosevelt Center). Popcorn will also be offered on a 'to-go' basis before, during, and after each show.

Additional Income Streams:

GCI intends to pursue additional available income sources such as signage, digital advertising (through its in-house production capacity), corporate and club sponsorships, as well as short-term leasing of the facility on a non-competitive basis (for corporate, club, or institutional outings, graduations, and related activities). The theater would also be made available, where practical, to local clubs and organizations under established rules and regulations.

Scheduling:

GCI intends to initially schedule 18 shows weekly for the opening two months before expanding its show times. The expanded schedule will include, at a minimum, one weekday afternoon special target audience matinee, one weekend late morning or 'brunch' matinee, and one late night special showing. For the purposes of this proposal, GCI will base its first year's stabilized income projections on an 18-show weekly schedule.

Hiring Practices:

In addition to following all federal, state, and local employment laws and best-case practices, GCI will give veterans of U.S. Armed Services and local Greenbelt residents preferences in its hiring policies (where legal). GCI does not intend to solicit or accept any financial subsidy from the City of Greenbelt (beyond the inducement of waiving the first year rental income).

GCI Personnel:

GCI consists of the following stakeholders: Angela Handren, Dennis Fincham, Cam Macqueen, Phillip Payette, Mark Opsasnick, and Michael Fincham. The following biographies will briefly describe each individual's respective professional background and duties related to GCI.

Angela Handren managed the Old Greenbelt Theatre for approximately 6 years beginning in mid-2006 before she resigned in late 2013. She was responsible for the theatre's most successful and stable years. She is extremely familiar with the building and the supporting community. She will be involved in every facet of re-opening and re-establishing the theater. She looks forward to building the theater into the facility she believes it could be: a strong and stable community-based cinema and a cultural mainstay in the heart of the Roosevelt Center.

Dennis Fincham has managed several retail entertainment companies. He was the General Manager of the 'Bastille Supper Club' in College Park, Maryland, for five years before becoming the General Manager of 'Making Waves' of College Park, Georgetown, Marlow Heights, and Chinatown, Washington, D.C. As the GM of the Bastille, he was responsible for the hiring and training of 17 full- and part-time employees, selecting and negotiating contracts for the musical acts that appeared weekly, and dealing with all suppliers (including food and liquor laws and regulations). As the GM of 'Making Waves', he was responsible for hiring and training a 72-employee workforce as well as the contractors and suppliers. While he was GM, 'Making Waves' expanded from a single outlet (at 7th and D Streets, N.W.) to College Park, Georgetown, and Marlow Heights, Maryland.

Cam Macqueen is a long-time Greenbelt resident who has been involved with such non-profit programs as 'Meals-on-Wheels'. Macqueen will be responsible for corporate and community outreach and will produce an environmentally-based festival.

Phillip Payette is a long-time Greenbelt resident and was the long-time owner of 'InHouse Design', which provided Graphic and Web Design Services to a variety of individuals and companies. Payette will be responsible for the GCI website as well as designing and compiling a variety of the consumer surveys GCI will employ in determining customer preferences in festivals and feature attractions.

Mark Opsasnick is a long-time Greenbelt resident and is the author of several books on the local music scene. Opsasnick will be the director of the musical outreach program and will be responsible for producing one musical festival annually and assisting on a variety of the remaining music-based special presentations.

Michael W. Fincham is a nationally recognized documentary film maker, the repeat winner of a variety of film industry awards (including four CINE awards and two Emmys), the editor of *Chesapeake Quarterly Magazine*, and a writer/producer with the University of Maryland Sea Grant program. Fincham will be involved in expanding the festival outreach of the Greenbelt Cinema and will be responsible for producing one festival annually.

1st Year Projected Cashflow:

Potential Gross Income (PGI) =		\$410,200.00
Expenses;		
Remittance =	\$114,080.00	
Payroll =	154,000.00	
Taxes =	27,720.00	
Concession/Supplies =	36,000.00	
Utilities =	8,400.00	
Maintenance (int.) =	5,000.00	
Film Broker =	3,600.00	
Insurance =	3,500.00	
Advertising =	14,400.00	
Reserves =	5,000.00	
Miscellaneous =	<u>6,500.00</u>	
Subtotal Expenses =		<u>(\$378,200.00)</u>
Net Operating Income (N.O.I) =		\$32,000.00

Comments:

The first year's projected gross income is based upon a variety of public and private sources. Stabilized occupancy is projected at slightly less than 10% for the 1st year, with annual growth estimated at 3% to 5% (barring any unforeseen economic disasters or events). Stabilized occupancy is anticipated to be achieved within 12 months. While the majority of the Potential Gross Income is related to film ticket sales and direct concession sales, approximately \$80,000.00 is anticipated to be generated by festival and non-film offerings.

Estimated expenses are based upon industry-generated costs as well as internal sources available to GCI personnel. Given the restrictions on releasing propriety data in published format, GCI will make available its research and data sources to officials involved in the decision process. As any experienced business professional understands, proposed business plans rarely survive intact when business theory meets the market. The film industry is particularly vulnerable to changes in technology. The ability to adapt is critical and by involving the market participants in the selection process (through on-line and in-house surveys and questionnaires), GCI believes it can better understand and serve its supporting community.

Implementing the promotional and operational changes outlined (along with the recent building renovation) herein would alleviate the most commonly voiced complaints concerning the theatre's past operating practices (limited offerings, delayed openings, slow turnover, and shabby

appearance). The remaining most commonly voiced complaint concerned over-promising and under-delivering; the theatre had developed a reputation for promoting films by certain dates and then either postponing the delivery date or dropping the promoted film entirely. Breaking faith with the supporting community leads to the community withdrawing its support. The strongest way to regain the community's support is to increase the theatre's support and involvement in the community.

The operating methods and suggested presentations outlined herein would create a sense of vibrancy and anticipation, resulting in greater attendance and revenue opportunities. By basing the majority of these methods on in-house promotion and education of the existing base, GCI will engage the community's involvement in the theater and thereby radically reduce the hit-and-miss nature of previous entertainment offerings.

Limiting Conditions:

The information contained within this report was secured from a variety of public and private sources. While the information contained herein is deemed accurate, no warranty, expressed or implied, is hereby conveyed as to the accuracy of the data.